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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 01/23/09

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- (1) Secretary of State Clinton in telephone conversation with Foreign Minister Nakasone: "I attach importance to the abduction issue and share your thinking"

NIKKEI (Page 2) (Full)  
Eve., January 23, 2009

Foreign Minister Hirofumi Nakasone on the morning of the Jan. 23 talked for approximately 15 minutes by phone with U.S. Secretary of State Clinton. Secretary Clinton expressed her understanding of the issue of Japanese having been abducted by North Korea, saying: "I attach importance to the abduction issue and share the thinking of the Japanese people. I would like the U.S. to cooperate with Japan in resolving this issue." Foreign Minister Nakasone replied, "The abduction issue is highest on our agenda, and I would like to see its resolution carried out together with the nuclear issue." This was the first cabinet-level discussion between the two countries since President Obama's inauguration.

Both leaders agreed to cooperate toward maintaining the peace and prosperity of the Asia-Pacific region. Secretary Clinton stressed the importance of the alliance relationship by saying, "The U.S.-Japan alliance is the cornerstone of America's Asia policy, and together we will deal with the various challenges the international community is facing."

The two agreed to closely cooperate in such broad areas as stabilizing and assisting Afghanistan and Pakistan, the financial crisis, and climate change. On the realignment of U.S. forces in Japan, they confirmed the policy course of steadily implementing such parts of the agreement as the relocation of U.S. Marines on Okinawa to Guam, which will start in earnest in fiscal 2009.

(2) Changing U.S foreign policy: To what extent will new administration apply pressure to North Korea?

YOMIURI (Page 7) (Full)

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January 23, 2009

"To those who cling to power through the silencing of dissent, know that we will extend a hand if you are willing to unclench your fist." U.S. President Barack Obama in his inaugural address on Jan. 20 sent a message calling for dialogue even to dictators of oppressive states. He apparently had North Korea in mind.

On the North Korean nuclear development issue, the situation became worse during the eight years of Bush administration. North Korea reportedly now possesses more plutonium to produce nuclear warheads and admits that it already has nuclear bombs. It is also suspected of pursuing a uranium-enrichment program. The Obama administration, which takes the view that the Bush administration's hard-line prompted the North to carry out a nuclear test, intends to pressure North Korea to eliminate its nuclear weapons programs based on a policy of dialogue.

In a speech before the Senate Foreign Relations Committee during her confirmation hearing on Jan. 13, Secretary of State Hillary Clinton lauded the six-party talks as "a means to apply pressure to North Korea," adding: "We will give a chance (to North Korea) for bilateral talks."

Eager to improve relations with the U.S., North Korea must be welcoming the new administration's policy of dialogue. Immediately after Obama was elected to be president, North Korea unofficially proposed sending its national symphony orchestra and Vice Foreign Minister Kim Gye Gwan to the U.S. Before starting bilateral talks, however, many scenes were witnessed in which they tried to apply pressure to each other through external statements.

Clinton emphasized in the hearing: "We will promptly impose sanctions if the North does not respond to our call for its denuclearization." She indicated that if the North refused to accept a verification plan, the U.S. would continue the suspension of heavy oil assistance. On the renewed website of the White House, this message is posted: "In order to urge North Korea to abandon its nuclear weapons programs in a complete and verifiable way, we will use diplomacy backed by real incentives and real pressure," indicating the new administration will take a carrot-and-stick approach.

Meanwhile, North Korea revealed through the media that it would not

respond to Washington's call for denuclearization until the U.S. nuclear threat was removed, implying that economic aid and normalization of relations alone would be insufficient.

A negotiator said: "If the U.S. stopped offering aid, North Korea would resume the operation of its disabled nuclear reactor." The source is paying close attention to whether the Obama administration would take a resolute approach to the North. The new administration includes many members in the Clinton administration, which was about to realize a presidential visit to North Korea. Given this, many observers take the view that North Korea might get only "carrot."

According to a source close to North Korea, Pyongyang has welcomed the new administration's policy of dialogue, not because it aims to establish diplomatic ties with the U.S. but because it aims to play for time. The source said: "There will be no military option until the negotiations end. During that time, North Korea will be able to concentrate on forming a successor regime to that of President Kim

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Jong Il with health problems. The nation will also be able to improve its missile technology and earn income by selling products to other countries."

If the policy of dialogue reaches a stalemate due to North Korea's delay strategy, "the Obama administration might take a hard-line policy one year after assuming office, with an eye on the off-year elections in 2010," according to an informed source.

Even if the U.S. decides to slap sanctions against the North, though, its effect will be limited unless it falls in step with Japan, China and South Korea. The focus of attention is on how effectively the Obama administration's carrot-and-stick approach will work to persuade the North to unclench its fist.

(3) Shaky Japan-U.S. alliance: Obama and Japan (Part 1) - Like an old couple

YOMIURI (Page 1) (Almost full)  
January 23, 2009

The air in Washington D.C. was freezing cold on the morning of January 20. Japanese Ambassador to the U.S. Ichiro Fujisaki, 61, while distributing disposable hand warmers to other ambassadors around him, waited patiently for the arrival of (Barack Obama) for his swearing-in ceremony that took place outdoors.

Fujisaki's seat was number 130 in the diplomatic corps section. The seating was determined in the order of arrival at post. The seat of Fujisaki, who arrived at post last May, was about 100 meters away from Obama, who was to deliver his inaugural address.

All countries were extremely eager to build close ties with the new U.S. Democratic administration that was launched after an eight-year hiatus. Contrary to the physical distance between his seat and the new U.S. President, Fujisaki, who had served as a minister-counselor at the embassy in Washington during the Clinton administration, felt a sense of closeness, thinking, "I have long known many officials responsible for Japan policy."

Japan is not allowed to be totally consumed with optimism, however. "Self-centered 'me-ism' used to be prevalent in the United States, but the new President has now called for 'we-ism,'" Fujisaki noted. Japan-U.S. relations would not be immune to such change.

Finding itself internationally isolated, the Bush administration in some respects gave special consideration to Japan that supported the Iraq war and other matters. The call for "we-ism" that can be rephrased as "international cooperation" could be taken to signify the new U.S. administration's intention to make greater demands of other countries, especially its allies.

In reaction to the outcome of the U.S. presidential election, the Foreign Ministry has come up with five challenges that must be addressed by Japan in cooperation with the United States: (1) deepening of the bilateral alliance, (2) securing peace and

stability in the Asia-Pacific region, (3) the financial crisis, (4) the war on terror, and (5) global challenges (climate change, nuclear arms reduction, African aid). Those challenges have been conveyed to the United States. Japan made the move before being hit by a tough nut to crack.

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Prime Minister Taro Aso, whose political base is weak due to frequent changes of prime ministers, remains unable to demonstrate strong leadership in security policy, over which the ruling bloc is split. Aso failed to make his presence felt in formulating measures against piracy in waters off Somalia, Africa. If the Democratic Party of Japan led by Ichiro Ozawa who advocates an "equal Japan-U.S. alliance" takes power, the country's security policy might change drastically. The government is half-hearted when it comes to security affairs, which constitutes the foundation of the bilateral alliance. This can partly explain why the Aso administration is eager to address such policy issues as the financial crisis and climate change, in which it takes pride.

Engrossed in the transition of power, the United States is expected to be ill-prepared for the creation of a post-Kyoto Protocol framework which would come to a head in December this year. Japanese lawmakers are on their toes for this year's Lower House election. This makes it difficult to generate a path for Japan-U.S. cooperation.

Center for Strategic and International Studies President John Hamre took this view about the current state of Japan-U.S. relations: "They are good but not exciting. They can be likened to the relationship between an old husband and wife who do not talk to each other even at a restaurant."

The establishment of a new administration can provide a golden opportunity for reinvigorating an alliance. But Japan's ruling and opposition parties have constantly been at loggerheads and worn themselves out as a result.

(4) Futenma working teams to report flight survey results

RYUKYU SHIMPO (Page 2) (Full)  
January 23, 2009

Regarding the planned relocation of the U.S. Marine Corps' Futenma Air Station, the government will hold a third meeting of its two working teams at the Cabinet Office on the afternoon of Jan. 27 with Okinawa's prefectural and municipal officials. One of the working teams is tasked with verifying the government's plan to build an alternative facility for Futenma airfield and assessing the newly planned facility's potential impact on its environs. The other working team is to discuss ways to remove the danger of Futenma airfield. The two working teams will meet for the first time in three months since they met at the Cabinet Office's Okinawa branch in October last year. In the scheduled meeting, the working teams will report the results of a fact-finding survey the government conducted last summer to look into the flight paths of U.S. military helicopters around Futenma airfield.

The Okinawa Defense Bureau has set monitoring equipment at five points around Futenma airfield and looked into the flight paths of Futenma-based helicopters from August through September last year. The working team on Futenma's danger will report the results of its survey analysis.

The working team on the government's construction plan and environmental assessment will explain the current state of an environmental impact assessment being conducted at the relocation site.

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The working teams are positioned under a consultative body on the relocation of Futenma airfield. The consultative body is made up of

cabinet ministers from the government and officials from Okinawa Prefecture, including the governor and the heads of municipalities in the prefecture's northern districts. Meanwhile, the working teams are made up of working-level officials from the central government and Okinawa's prefectural and municipal governments, with the Defense Ministry Local Cooperation Bureau director general presiding.

(5) Sales tax hike issue settled in ambiguous way due to concern about its impact on upcoming Lower House election: LDP adopts two-stage formula, giving priority to avoid creating gap in party

MAINICHI (Page 3) (Abridged slightly)  
January 23, 2009

The Liberal Democratic Party (LDP) settled an internal battle over a sales tax hike, by adopting a two-stage formula of specifying in a supplementary provision of fiscal 2009 tax system reform-related bills that necessary legal measures are to be taken by fiscal 2011, while stipulating the time of the increase in the tax in a separate bill. The settlement was reached in an ambiguous way as a result of priority having been given to the avoidance of internal discord. However, the outcome has exposed a growing trend of members maintaining a distance from Aso. It also gave the impression that Prime Minister Aso, who advocates a hike in the sales tax in fiscal 2009 with an economic turnaround as the precondition, has given in. The path for a hike in the sales tax has now become unclear.

Policy Research Council Chairman Kosuke Hori said at a meeting of the LDP Fiscal and Financial Affairs Commission held at the LDP headquarters on the morning of the 22nd, "I believe there are various objections to the decision. However, this is the result of full discussions. Please understand." Participants burst into applause. Former Chief Cabinet Secretary Yasuhisa Shiozaki, who has been opposing specifying a hike in the sales tax in three years' time, praised the decision after the meeting, "The adoption of a two-stage formula has considerably wiped away our concern."

The two-stage formula of separating a process for preparations for the hike and the implementation of such surfaced when former Chief Cabinet Secretary Nobutaka Machimura, chief organizer of the Machimura faction, and Ibuki faction Chairman Bunmei Ibuki conferred on the issue on the 15th. Hori compiled a compromise plan, based on that formula and hastily underwent final coordination.

On the government's side, State Minister for Economic and Fiscal Policy Kaoru Yosano and several others called for the removal of the two-stage formula. However, Machimura has overcome the opposition, saying, "We cannot contain moves of mid-ranking and junior members." Former Prime Minister Shinzo Abe tried to persuade opponents. As part of such efforts, he met with former Special Advisor to the Prime Minister Hiroshige Seko.

In the end, lawmaker's fear of an adverse effect of protracted internal confrontation on the upcoming election served as the decisive element in settling the issue.

The government and the ruling camp are making all-out efforts for early passage of the fiscal 2008 second extra budget and the fiscal 2009 budget in their effort to stimulate the economy. Amid the

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economic crisis growing even more serious, if the LDP engages in hurley-burley, people would turn their back on it. One senior member of a faction opposing the sales tax hike revealed, "If we had pressed further, the administration would have collapsed. Since now is not the time to do so, we stopped to do so."

Lawmakers' anxieties over the upcoming election that they cannot go into the election on the basis of hiking the consumption tax triggered the battle over the consumption tax hike. However, it was also such anxieties that ended it.

No path for recapitalizing nation's fiscal base in sight

Now that the supplementary provision incorporates a two-stage

formula for a hike in the sales tax, a path for hiking the sales tax starting in fiscal 2011 as advocated by Prime Minister Aso, has become even more difficult.

Subcommission Chairman Hakuo Yanagisawa of the LDP Tax System Research Commission at a meeting of the LDP Fiscal and Financial Affairs Division on the 22nd said, "Whether tax system amendment-related bills and a consumption tax hike can be handled as a package or a two-stage formula, meaning putting off the actual increase of the tax, can be handled as a package depends on the economic situation." He stressed that there still remains a slim chance of hiking the sales tax in fiscal 2011.

However, it is clear that the government has substantively backpedaled from the mid-term program, in which it strongly hinted at a sales tax hike in fiscal 2011, noting that legal measures necessary for drastic reform of the tax system, including the consumption tax, should be taken.

If the mid-term program is to be implemented, it would be possible to consolidate related laws as a package, including a law stipulating a range of a hike before the end of fiscal 2010, so that a new consumption tax rate can be introduced in April 2011. Prime Minister Aso and the Finance Ministry had intended to deal with a case in which the economy continues to worsen, by establishing a flexible article.

Under the two-stage formula, it may be possible to amend related laws necessary to raise the consumption tax within fiscal 2010. However, that is not enough to realize a consumption tax hike in fiscal 2011. That is because the formula is attached with a "fetter" that the timing and the range of the increase should be legislated, after the trend of the domestic and global economies are determined.

Move to oust Aso still remains

Following the settlement, Aso on the evening of the 22nd stressed to reporters, "My initial plan has been adopted. I am glad my proposal obtained understanding." However, there is no change in the fact that the prime minister is unpopular, which is the primary cause of concern felt by lawmakers in connection with the upcoming election.

Members of the Group of Voluntary Lawmakers who Are Seeking Immediate Policy Realization, including former State Minister for Administrative Reform Toshimitsu Motegi, who is cautious about a consumption tax hike, met with Secretary General Hiroyuki Hosoda. They asked him to immediately launch a project team for

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administrative reform as a premise for a tax hike in parallel with Diet deliberations on bills related to amendment to the tax system.

Radical-minded mid-ranking and junior LDP members want to oust Aso before the Lower House election. Such thinking will not go away.

(6) Editorial: We concerned about insufficient debate on MSDF dispatch to Somalia

TOKYO SHIMBUN (Page 5) (Full)  
January 23, 2009

The ruling parties approved a proposal to dispatch the Maritime Self-Defense Force (MSDF) to take part in anti-piracy efforts off Somalia under the present law. As gunfights can be expected, the decision should have been made in a more cautious manner. There seems to be no doubt that thorough discussion was not conducted. In a normal situation, the Diet should have thoroughly vetted the issue.

The ruling Liberal Democratic Party (LDP) and its coalition partner, New Komeito yesterday gave the green light to send MSDF destroyers to waters off Somalia, in the eastern part Africa, based on a maritime police action provision in the Self-Defense Forces (SDF) Law. They say that this is a stopgap measure until a new law is enacted. Defense Minister Yasukazu Hamada will soon order the MSDF

to prepare for the mission.

A total of 20,000 vessels, including 2,000 Japanese ships, annually pass through Somalian waters, a main artery. Attacks by pirates with rockets and other artilleries have rapidly increased in these years, causing damage to 111 vessels.

The international community has desperately tried to crack down on piracy based on a resolution adopted by the United Nations. China dispatched late last year warships to waters off the coast of Somalia. South Korea has decided on a dispatch. It is understandable for Japan to hurry to take such action, considering that it cannot just sit on the fence.

However, is it possible to dispatch MSDF personnel under the present law?

An order for maritime patrols is issued to the SDF when the Maritime Security Agency (MSA) cannot carry out a policing action. Two orders were issued in the past for maritime patrols in the Sea of Japan. The law does not stipulate any geographical restrictions. If the SDF can be dispatched to Africa, the SDF's scope of activity becomes unlimited.

The ruling camp approved the action before thoroughly verifying the reasons for the MSA being unable to conduct policing action. We cannot help saying that a decision on the dispatch of MSDF ships was made beforehand. Cautious and sufficient argument is required for the SDF dispatch, which involves human lives.

MSDF destroyers will protect Japanese-registered vessels and foreign ships with Japanese nationals and goods on board. Reportedly, the MSDF personnel will be allowed to use arms only for legitimate self-defense and emergency evacuation.

There seemed be an atmosphere in the ruling camp that the case of

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the Indian Navy having sunk a Thai fishing trawler captured by pirates was regarded as emergency evacuation. We can't help feeling this is a rough-and-ready argument.

Moreover, the Defense Ministry will formulate specific criteria for the use of arms. It is questionable to dump such specific issues as how to deal with situations that cannot be identified as legitimate self-defense or emergency evacuation on the lap of the Defense Ministry. It is not desirable in terms of civilian control.

Besides the MSDF dispatch, there must be a variety of contributions Japan can provide such as offering know-how regarding anti-piracy measures and funding to neighboring countries. There remain many aspects of the pirate situation that we still do not know. These matters should be discussed at the Diet first.

SDF personnel will find it troublesome if they are sent without these checks.

ZUMWALT